



a full-service response

to the growth of managed accounts

Managed accounts are one of the fastest growing segments of the investment management industry, with \$535 billion in assets as of June 2004, according to Money Management Institute, the national trade organization for the managed account industry. This figure is estimated to exceed \$800 billion by 2006. Among the many factors contributing to the product's growing appeal are the value investors place on the products' transparency, customization and tax efficiency.

In response to clients' demand for managed account services, through a strategic alliance with Vestmark, JPMorgan Investor Services has launched a new comprehensive servicing solution for investment managers and sponsors seeking to outsource their managed account administration. JPMorgan's new service provides a cost-effective outsourcing solution that includes account opening and closing, ongoing account maintenance, performance reporting, and account reconciliation.

Managed accounts go by a variety of names: privately managed accounts, individually managed accounts, separately managed accounts or wrap accounts. While their names may vary, their structure is essentially the same: a portfolio of stocks and/or bonds managed by a professional investment manager to achieve a specific objective of the individual investor. Unlike a mutual fund, in a managed account the underlying securities are owned by the investor.

"Investment managers are turning to global providers like JPMorgan for solutions that can help them increase their competitive advantage. Using JPMorgan's managed-accounts service will allow our clients to reduce operating costs, manage risk and avoid making large investments in service delivery platforms. After freeing up staff and investment dollars, resources will be increasingly available to focus on key objectives, allowing investment managers to concentrate on generating revenues," said Steven A. Smith, Western Hemisphere Financial Institutions Sales executive at JPMorgan Investor Services.

"As more and more investors approach retirement, they are willing to pay for expert and impartial financial advice and for fee-based accounts that offer portfolios tailored to their own personal preferences and growth objectives," says Smith. "But as the business grows, most investment managers have been challenged by the high cost of administering the new accounts. Operational inefficiency and a reluctance to invest considerable resources in new technology platforms are driving the market to outsource the servicing of their managed accounts."

JPMorgan's new servicing platform for separately managed accounts automates many of the labor-intensive processes associated with managed account administration. By integrating Vestmark's technology with JPMorgan Investor Services' state-of-the-art servicing platform, clients will benefit from a flexible, industry leading web-based solution that addresses the needs of investment managers, helping to increase the overall profitability of their managed accounts business. ○○○

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